



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 22, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3068

Don W. Fullmer
Paradise Management Inc.
905 North Main
Fillmore, Utah 84631

Re: Result of Informal Meeting, Continued Suspension of Mining, Paradise Management Inc. Koosharem Clay Pit, M/031/002, Piute County, Utah

Dear Mr. Fullmer:

Thank you for attending the meeting held on January 7, 2004, in response to the Division Directive to "Suspend further mining at the site or the removal of materials, until the revision is approved", which was issued on December 8, 2003. After reviewing this matter with you and those in attendance, Wayne Hedberg and Lynn Kunzler, I am upholding the Division Directive as stated above.

We discussed a brief history of the Koosharem Clay Pit and the fact that this site has been expanded three times, all without proper permit or bond. Paradise Management Inc. did not contest the facts presented by Mr. Lynn Kunzler, and admitted to shipping without permission. You explained that some of these violations probably occurred because Tony Peck and Sons is the contract miner for the site and has not been kept fully informed of the permit status. To resolve this issue, Paradise Management Inc. authorized the Division to copy Tony Peck and Sons on future mining related correspondence. Two outstanding issues remained and were discussed:

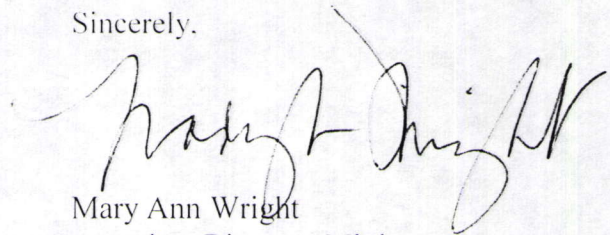
- A map needed to be submitted for the Koosharem Clay Pit. During the meeting you provided the Division with an updated map and cross sections. These are currently under review.
- The final amount of the surety can now be calculated using the map and cross sections you submitted.

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M/031/002
January 22, 2004

Once these two items are completely reviewed and addressed, the Division will publish Notice of Tentative Approval in newspapers for public comment. We expect this will occur in early February. In the interim, a financial reclamation guarantee must be posted. Assuming no substantive comments are received, anticipated final approval could take place in March-April timeframe. As stated previously, the Division Directive to cease operations until the permit is finalized, still stands. We look forward to completing these remaining issues and lifting the Division Directive along with issuing approval for the mining and reclamation plan for the Koosharem Clay Pit.

If you wish to appeal this decision, you may make a written appeal of this Directive to the Director for an Informal Hearing, or to the Board of Oil, Gas and Mining for a formal adjudicative proceeding. You or your agent must file this appeal within 10 days of receipt of this letter. If you have any questions, please call me at 801-538-5306.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with a large, sweeping "M" and "W".

Mary Ann Wright
Associate Director, Mining

MAW/LK/jb

cc: Stan Perkes, BLM
Steve Winslow, USFS
Tony Peck and Sons

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